If the Division fails to take adequate enforcement action against a person violating the requirements for a Class II well, EPA may take Federal enforcement action. Federal enforcement actions will be in accordance with the State, facility and public notification procedures in Section 1423 of SDWA.

# 3. Emergency Situations

Situations endangering human health will receive immediate and paramount attention by the Division and EPA. The party with initial knowledge of such situation shall immediately notify the other party by telephone.

# E. Program Review and Evaluation

### 1. Division

The Division shall provide EPA with an annual report on the recent operation of the Class II program. Specific contents of the report are described in Attachment #1 and may be renegotiated from time to time. The period to be covered by the annual report shall be the calendar year ending December 31, with reports completed and available to EPA no more than 60 days later (March 1).

In addition, the Division shall provide a separate report of preventive actions taken by operators of new Class II wells. At minimum, this report shall include:

- a. the number and general type (e.g. injection pressure limit)
   of preventive actions proposed in the applications;
- b. the number and general type of preventive actions actually taken; and
- c. if necessary, a brief summary explaining the reason(s) for any differences between proposed and actual preventive actions (e.g., pending actions).

The report is due within 3 months after the second anniversary of the effective date of this Agreement. The final format will be negotiated at least 3 months prior to the due date.

If the Division proposes to allow any mechanical integrity tests other than those specified or justified in the 1425 Demonstration, the Division shall provide in advance to EPA sufficient information about the proposed test that a judgment about its usefulness and reliability can be made.

### 2. EPA

EPA shall conduct mid-year evaluations at least during the first 2 years of the Division's operation of the program.

public, and Federal, State, and local agencies will be provided to the Supervisor within thirty (30) days of receipt.

### 3. Emergency Situations

Upon receipt of any information that any Class II injection operation is endangering human health or the environment and requires emergency response, the party in receipt of such information shall immediately notify by telephone the other party of the existence of such a situation.

### C. Permits

### 1. Division

Within 10 working days of receipt, the Division shall provide a written response to any written notice of intent to commence drilling.

### 2. EPA

Upon receipt by EPA, any Class II permit application and supporting information shall be immediately forwarded to the Division.

Some facilities and activities may require permits from the Division and EPA (and/or other State agencies) under different programs. When appropriate, the Division and EPA will participate in a joint permit processing procedure. The procedure will be developed on a case by case basis.

# D. Compliance, Monitoring and Enforcement

#### 1. Division

The Division shall adhere to the compliance monitoring, tracking, and evaluation program described in the 1425 Demonstration. The Division shall maintain a timely and effective compliance monitoring system including timely and appropriate actions on non-compliance.

### 2. EPA

EPA shall conduct periodic site and activity inspections on injection operations, giving priority to operations having the greatest potential to endanger public health.

EPA may participate with the Division in the inspection of wells or operator records. EPA shall notify the Division usually at least ten (10) days prior to any proposed inspection and shall describe the well(s) or record(s) to be inspected and the purpose of such inspection.

In part, the mid-year evaluations will be based on the reports provided above. At least 10 days prior to the evaluation, EPA shall notify the Division regarding the information, material, and program areas that will be covered. This may include selected permit files, budget records and public notification and complaint files. The evaluation may be conducted at either the Division's headquarters or one of its district offices.

## F. Public Participation

### 1. Division

The Division shall provide adequate public notice for its proposed actions as described in the Division's 1425 Demonstration.

Copies of such notices shall also be sent to:

- a. Director, Water Management Division, EPA-Region IX;
- b. Chairperson, State Water Resources Control Board; and
- c. Chairperson of the affected Regional Water Quality Control Board.

The Division's final decision on proposed actions shall contain a response to comments that summarizes the substantive comments received and the disposition of the comments. This shall become a part of that particular project file.

At a minimum, the Division shall apply these public participation procedures to applications for new underground injection projects, significant modifications to existing permits, and to aquifer exemptions.

### 2. EPA

EPA shall participate at any scheduled public hearing at the request of the Division. Such requests shall be made at least 10 days prior to the hearing.

Any appropriate comments on the proposed action shall be made by EPA within the normal fifteen day comment period. The exception is the designation of exempted aquifers (see the section on Aquifer Exemptions).

## G.: Program Revision

A program revision may be necessary when the Division's or EPA's statutory authority is modified or when there is a substantial modification to the program. The procedure for revising the program shall be that described in 40 CFR 123.13(b).

#### Attachment 1

## Annual Report Contents

At a minimum, the Annual Report shall include:

- a. an updated inventory;
- b. a summary of surveillance programs including results of monitoring and mechanical integrity testing, the number of inspections conducted, the number of new wells, corrective actions ordered and witnessed, instances of wells out of compliance and their current status;
- an account of all complaints reviewed by the Division and the actions taken;
- d. results of the review of existing wells made during the year;
- e. a summary and status of the enforcement actions taken;
- f. number of emergency permits issued and current status; and
- g. instances of variances and discretionary exemptions during the year.

- 3. Day in this Agreement is defined as a working day.
- 4. Underground Source of Drinking Water (USDW) is defined in 40 CFR 146.03 and 122.3.

Sonia F. Crow Regional Administrator Environmental Protection Agency Region 9 M.G. Mefferd State Oil and Gas Supervisor California Division of Oil and Gas

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### H. Aquifer Exemption

An Underground Source of Drinking Water (USDW) may be exempted for the purposes of a Class II injection well if it meets the criteria in 40 CFR 146.04.

Aquifers exempted by the Division and EPA under this Agreement shall only be applicable for the injection of fluids related to Class II activities defined in 40 CFR 146.05(b).

Aquifer exemptions made subsequent to the effective date of this Agreement shall not be effective until it is approved by the Administrator or Regional Administrator (if delegated) in writing.

After the effective date of this Agreement, an aquifer exemption must be in effect prior to or concurrent with the issuance of a Class II permit for injection wells into that aquifer.

Aquifers which were proposed for exemption in the 1425 Demonstration and are exempted are identified in Attachment #2. All these aquifers proposed for exemption in the 1425 Demonstration and were not exempted will be phased out within 18 months of the effective date of this Agreement (Attachment #3) a

#### 1. EPA

Within 10 days after receipt of the information on the aquifer(s) proposed by the Division for exemption, EPA shall notify the Division if any additional information is deemed appropriate. EPA shall either approve or disapprove the aquifer exemption within 60 days after receipt of all appropriate information. Any disapproval by EPA shall state the reasons for the decision. Requests for additional information and final determinations on aquifer exemptions shall be in written form.

If the new aquifer proposed for exemption is a non-hydrocarbon bearing USDW, EPA will coordinate its public participation activities on aquifer exemptions with the Division's public participation activities during project review.

### I. Other Agency Involvement

The Division shall administer the Class II program and maintain close cooperation with California's State Water Resources Control Board (SWRCB) and the Minerals Management Service.

# J. Definitions

- 1. Class II well is defined in 40 CFR 146.05(b).
- 2. Aquifer is defined in 40 CFR 146.03 and 122.3.

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ATTACHMENT #2

STATE WATER RESOURCES CONTROL BOARD

CALIFORNIA PEGICNAL WATER
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(see reverse side for addresses
of boards and map of regions)

DEPARTMENT OF CRISERVATION DIVISION OF OIL AND CAS (see reverse side for addresses of district offices)

The State Water Resources Control Board and California Regional Water Quality Control Boards have the primary responsibility for water quality and water pollution control. (Water Code Sections 13260,

Statutory responsibility for the prevention of vater pollution resulting from the drilling, operation, maintenance and abandonment of oil and geothermal wells rests with the State Division of Oil and Gas (Public Resources Code Sections 3106 and 3107)

In order to (1) simplify reporting of proposed waste discharges by the oil or geothermal operators, (2) achieve coordination of activity, and (3) eliminate duplication of effort among the State agencies, the procedure outlined has been formulated and adopted by the Division of oil and Gas and the State Water Resources Control Board. As far as these State agencies are concerned, the method of reporting proposed oil and geothermal field waste water discharges will be uniform throughout the State. However, it is regional board will follow whatever procedures it has worked out with the local agencies relative to the reporting of these waste discharges.

The Division of Oil and Gas will notify the regional boards weekly of all new operators in the State. Division of Oil and Gas personnel shall report all potential pollution problems—such as spilled oil regional board.

PROCEDURE FOR REPORTING PROPOSED OIL AND GEOTHERMAL FIELD WASTE WATER DISCHARGES AND FOR PRESCRIBING DISCHARGE REQUIREMENTS

- A. DISPOSAL OF WASTE WATER BY SURFACE DISCHARGE
  - The oil or geothermal operator shall file a Report of Waste Discharge with the appropriate California Regional Water Quality Control Board, which them forwards a carbon copy of this report to the Division of Oil and Gas. (In regions where local agencies have ordinances controlling oil and geowthermal field waste discharges, the regional board will follow whatever procedures it has worked cut with the local agencies relative to the reporting of these waste discharges.)
  - 2. Construction of Disposal Facilities
    [a] Before construction or disposal facilities, the regional boards, the Division of Oil and Gas, local and other agencies will consult with one another and conduct any necessary investigations of the proposed waste discharge. After construction of such facilities, the Division of Oil and Gas will inspect the sumps periodically and report any overflows or seepage to the regional boards. (b) When a sump is to be constructed for the treatment and/or storage of waste water, a plot plan showing location of sump, topography of area. and pertinent data available on groundwater level and soil conditions will be submitted along with the Report of Waste Discharge.
  - 3. Waste Discharge Requirements
    The regional loand will prescribe
    requirements for discharge of the
    waste water and furnish a copy of the
    requirements to the Division of Oil
    and Gas.

- B. DISPOSAL OF WASTE WATER BY INJECTION INTO FORMATIONS OF POROUS MEDIA BOT CONTAINING FRESH WATER
  - 1. Report of Waste Discharce
    The oil operator will report the proposed waste discharge to the Division of Oil and Gas on forms required by the Division and file in the District Office. The Division will then forward a carbon copy of its report to the appropriate regional board.
  - 2. Investigation and Consultation
    The Division of Oil and Gas, the regional board, and local aconcies will consult with one another and conduct any necessary investigations of the proposed waste discharge
  - 3. Requirements
    (a) The Division of Oil and Gas will prescribe requirements for discharge of the waste water in accordance with statutory obligations, furnishing a copy of the documents to the appropriate regional board.
    (b) The regional board will either concur is the requirements of the Division of Oil and Gas or prescribe separate discharge requirements, but in either case will furnish a copy of its actions to the Division of Oil and Gas.

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#### 25. ORDERS AND LEGAL ACTIONS

Division 3 of the Public Resources Code authorizes the supervisor to issue orders in several specific situations. Orders may be issued to: repair wells, abandon wells, discontinue unreasonable wastage of gas, screen or eliminate hazardous sumps, shut down an oil and gas production operation maintaining a hazardous sump, adopt a repressuring plan to ameliorate subsidence, unitize or pool separate producing properties, adopt a well spacing plan, and undertake such action as is necessary to protect life, health, property, or natural resources if an emergency exists.

District deputies are authorized to issue orders to repair or abandon wells, to screen or eliminate hazardous oil sumps, and to shut down an oil and gas production operation maintaining a hazardous sump. All other orders are issued by the supervisor. Generally, an order is issued only after a reasonable attempt to obtain voluntary compliance with requirements has failed.

See Section 4.5 for instructions on providing oral testimony or written depositions in private civil disputes.

### 25.1 ORDERING WELL ABANDONMENT

Wells that require formal action fall into two general categories: (a) deserted wells (Sec. 3237) and (b) hazardous or idle-deserted wells (Sec. 3250-3259). These wells may be either unbonded or bonded in various amounts. The procedure for handling these two categories of wells differs slightly and is discussed in the following sections.

### 25.11 General Procedures

An order to abandon a well covered by an individual bond may be issued by the district deputy without requesting permission from headquarters if it is reasonable to assume that the bond will cover the entire cost of abandonment. In such a case, the formal order number should be assigned by the district office as follows: district number, followed by year, followed by a hyphen and the sequential order number (i.e., 479-1). A copy of the order should be sent to headquarters upon issuance, along with the supporting data.

Headquarters permission is required prior to issuance of orders to abandon the following categories of wells:

- a. Wells covered by blanket bonds.
- b. Wells for which the abandonment cost will only partially be covered by individual bonds.
- c. Unbonded deserted wells (Sec. 3237).
- d. Idle-deserted wells (Sec. 3250-3259).
- e. Hazardous wells (Sec. 3250-3259).

For any of the above five categories, a letter is submitted to the supervisor stating the circumstances leading up to the request for a formal order. If justified, the number of the order to be issued is given to the district office with necessary instructions regarding content.

Before requesting formal order, do the following:

- a. Make every reasonable effort to have operator (if active) comply with our requirements;
- b. Inspect surface location of well;
- c. To ensure that other prescribed steps have been taken, refer to Manual of Instructions sections on Abandonments (Sec. 1), Complaints and Special Investigations (Sec. 12), and Bonds (Sec. 48).

### 25.12 Distribution of Orders

Orders are written on standard  $8\frac{1}{2}$ " x 11" paper, copies as follows:

- 1 (Original) to owner, operator, or referee in bankruptcy
- 1 Headquarters
- 1 Landowner (if ordering abandonment)
- 1 Surety (if ordering abandonment) (if well is bonded)
- 1 Regional Coastal Commission if well is within coastal zone<sup>2</sup>.

Copies of all formal orders sent to the surety or operator must be by certified mail, return receipt requested.

<sup>1</sup>A cover letter should be included to inform the surety of the option to arrange to have the work done, and that it would be to the surety's financial advantage to do so, as a service charge of \$585.00 would be added to the cost of any work arranged by the division (see Exhibit 1).

<sup>2</sup>If extensive road building or vegetation removal is required for access to the well, a permit may be required from the Coastal Commission. If specific advice regarding the need for a permit is not received from a Regional Commission within two weeks, it may be presumed that a permit is not required.

### 25.13 If Order is Appealed

The appeal must be a written statement filed by the operator,

surety, or landowner with the supervisor or district deputy, the appeal must state that the order is not acceptable, and that appeal from the order is taken to the director under provisions of this chapter. The appeal must be filed within ten days of the service of the order, i.e., within ten days following the date noted on the returned receipt acknowledging delivery of the order.

Following receipt of an appeal, the district deputy should prepare a "fact sheet", outlining the events leading to the order, to be forwarded to the supervisor with the appeal. This material will be submitted to the director, who will then schedule a hearing.

### 25.14 Termination of an Order

Upon issuance of a formal order, the district will pursue the purpose stated therein to an approved conclusion. If the well is abandoned, a copy of the Final Letter, Form OG159, in addition to normal distribution, is sent to headquarters and one copy is to be affixed to the file copies of the formal order in the district. If the well is repaired, then a copy of the history of work done should be affixed to the copies of the formal order. If the work is not done within two (2) years, then the formal order should be cancelled by an explanatory memorandum, signed by the district deputy, affixed thereto with an additional copy to headquarters.

# 25.15 Ordering Abandonment - Deserted Well

An informal opinion of the Attorney General dated August 23, 1971 (see Attachment B), states that in determining whether a well is deserted pursuant to Section 3237 of the Public Resources Code, the supervisor "may consider any evidence which shows an intent of the operator to desert the well". The opinion goes on to say that if the supervisor, from all evidence available to him, concludes that an operator intended to "give up the well", he may issue an order of abandonment pursuant to Section 3237. The evidence must show an intent to desert. Mere nonuse or inactivity is insufficient to prove desertion, but nonuse or inactivity coupled with any acts manifesting an intention to desert is sufficient.

Section 3237 provides that certain facts constitute prima facie evidence of desertion (removal of drilling equipment for six months or the removal of production equipment for two years). The effect of making these facts prima facie evidence of desertion is to obviate the necessity of producing evidence of intent when these facts are present. This is not, however, a limitation on the nature of the evidence that may be considered in determining an intent to desert a well. Therefore, the absence of the prima facie evidence designated in Section 3237 would not preclude the issuance of an order of abandonment if there are available all of the facts listed above, from which an intent to desert can be inferred.

In lieu of prima facie evidence of desertion, acts manifesting

an intent to desert would include failure of the operator to answer certified inquiries from the supervisor, coupled with a substantial period of inactivity.

Contact headquarters if any problems or difficulties arise in determining whether or not a well should be classified "deserted" pursuant to Section 3237.

For those unbonded wells that meet the definition of "deserted under Section 3237, issuance of an abandonment order and property lien should be standard procedure.

General policy will be to issue orders for abandonment of unbonded deserted wells only in specific cases as the need arises. This will apply to both uncompleted wells and former producers. Procedure for issuance of order under Sec. 3237 is the same as for any other order, but the requirement of desertion must be met; otherwise, an appeal could be sustained by the director.

### 25.16 Ordering Abandonment to Secure Release of Bond

Abandonment may be ordered to secure release of a bond whether or not damage is threatened or occurring (Sec. 3237). Generally this section should be used when a surety desires to terminate a bond and the operator cannot be located. It may also be used as a result of a complaint or when the deputy wishes to abandon a well that is a possible source of damage.

If required abandonment has been partially completed, the company's attention should be called to the fact that a final letter cannot be issued until work has been properly completed. As a last resort, a formal order should be prepared in those cases where the omitted requirements are serious. When abandonment of a bonded well has been satisfactorily completed in accordance with a Standard Agreement, the bond is not eligible for release until surety has paid claim for amount of abandonment charges plus the service charge levied by the division. Therefore, the well should be listed on separate Form OGD150 with the notation: "Abandonment has been satisfactorily completed and bond may be released when surety has paid claim in full." Form AO-117 (Authorization for Payment of Invoices), will be prepared at headquarters following receipt of approved invoices from the district deputy.

### 25.17 Ordering Abandonment Under Section 3237 (Deserted Well)

- a. Refer to Sec. 25.11 for issuance of order number.
- b. Deputy will prepare and sign order. Orders issued for the abandonment of deserted wells should contain a reference to Sec. 3226 as well as to Sec. 3237. (See Exhibit 2 for sample.)
- c. Follow Sec. 3224 for method of serving order.
- d. Send copy of order to surety if bond is still in force on well.

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- e. If the owner, operator, or referee does not respond to the order or does not commence the work ordered in a reasonable time, 30 days by law, the surety, or landowner if there is no covering bond, should be given the opportunity to make arrangements with a contractor for the performance of the work. (See Exhibit 1 for sample cover letter to surety or landowner.)
- f. If this method fails, the deputy should secure three bids with a view to having the work done by the lowest satisfactory bidder. Bid invitations should be sent only to licensed contractors.
- g. If bids are on a time-and-materials basis, send bids received to headquarters for review prior to issuing contract.
- h. Issue contract on Stnadard Form 2 (refer to current contract samples for procedure and format).

### 25.18 Hazardous Well

### 25.181 Definition

For the purposes of Sec. 3251, a well must meet at least one of the following criteria to be classified as hazardous:

- a. Flowing or leaking oil, gas, or water at the surface, or
- b. Has pressure at the wellhead, or
- c. Is open at the surface, or
- d. Strong technical evidence that the well is in a condition that could cause subsurface damage to freshwater deposits or hydrocarbon reservoirs.

If at least one of the above criteria is met, the district deputy must further determine and document by letter to the supervisor that the operator is defunct and the present landowner has received little or no financial benefit from the well. The latter determination may be difficult. For instance, we do not want to relieve a landowner of the financial liability for the abandonment if he received a substantial discount on the price of the property because of the well(s). If there is any doubt as to financial gain or responsibility, the matter should be referred to headquarters for review.

### 25.182 Purpose of Order

The purpose of the "order" to abandon a hazardous well is to notify all affected property owners of the division's intent to enter and abandon the well. As required by the Public Resources Code, it is an order to allow entry and

abandonment, subject to the right of appeal as specified in Section 3255(c). Therefore, prior informal contact with property owners should be made for the purpose of explaining the operations to be performed and obtaining consent (see "limited License" attached to the sample order). This should provide better understanding, cooperation, and support from the public in such matters.

### 25.183 Use of "Hazardous" Classification with Bonded Wells

Do not use the "hazardous" category if the estimated cost of the ordered work is fully covered by a bond.

If the estimated cost of the ordered work is partially covered by a bond, then classify (if applicable) the well as hazardous. The hazardous-well allotment will be reimbursed in the amount of bond coverage when payment is received from bonding company.

### 25.184 Format and Mailing Distribution

The formal order is prepared on standard  $8\frac{1}{2}$ " x 11" paper. Copy requirements and distribution are as follows:

COPIES	DISTRIBUTION
1 (original copy)*	Landowner(s) of property upon which the well is located
1	Headquarters
2	File (one well record, one chrono-logical file of orders)
1*	Landowner(s) of property upon which entry is required for access to the well
1	Coastal Zone Commission if well is within Coastal Zone (see Sec. 25.12 AMO1).

\*Distribution to landowner(s) must be via certified mail.

### 25.185 Sample Formal Order - (See Exhibit 3)

It is essential that the names of all affected property owners are listed. This includes property upon which the well is located as well as property upon which entry is required for access to the well. The names should be listed as recorded with the county assessor.

Exhibit A: The present condition of the well should be typed on a separate  $8\frac{1}{2}$ " by 11" page and attached to the order so that it may also be used for bid packages and contracts. It should be as complete as possible.

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- Item 1. Location of the well should be known at this stage. It should include reference to the nearest structure(s) and habitation, if possible. (See Sec. 1.12, AMO1 for preliminary work to locate well.)
- Item 2. The description of accessibility should cover lands in the vicinity of the well in addition to the land upon which the well is located.

### 25.19 Idle-deserted Well

#### 25.191 Definition

The provisions of Sec. 3237 must apply (refer to Sec. 25.15 AMO1), and district deputy must further determine and document by letter to the supervisor that the operator is defunct and the present landowner has received little or no financial benefit from the well. The latter determination may be difficult. For instance, we do not want to relieve a landowner of the financial liability for the abandonment if he received a substantial discount on the price of the property because of the well(s). If there is any doubt as to financial gain or responsibility, the matter should be referred to headquarters for review.

### 25.192 Purpose of Order

Refer to Sec. 25.172 AMO1 and substitute "idle-deserted well" for "hazardous well".

### 25.193 Use of "Idle-deserted" Classification with Bonded Wells

Do not use the "idle deserted" category if the estimated cost of the ordered work is fully covered by a bond.

If the estimated cost of the ordered work is partially covered by a bond, then classify (if applicable) the well as idle deserted. The hazardous-well allotment will be reimbursed in the amount of bond coverage when payment is received from bonding company.

#### 25.194 Format and Mailing Distribution

See Sec. 25.184 AMO1.

#### 25.195 Sample Formal Order

See Sec. 25.185 AMO1 (substitute idle-deserted for hazardous).

Note: "Idle-deserted" must also meet criteria of Sec. 3237, PRC.

#### 25.2 ORDERING WELL REPAIR

#### 25.21 Criteria

(Well not satisfactorily completed or abandoned by active operator, or property reverted to landowner who does not wish well abandoned, or new lease made to new operator.)

If property has reverted to landowner and former principal (operator) desires to have bond released, we can issue a formal order that will enable him to enter the premises and perform the work in spite of the landowner's objection, or we will require the landowner or new operator to post a new bond, after which the old bond may be released.

If landowner or new operator intends to attempt to produce the well, it would be advisable to obtain from both a definite time limit for commencing operations to put the well in a proper condition. Deputy should then notify landowner and new operator that a formal order will be issued if work has not been commenced within a reasonable time.

Operator should be notified, with copy to landowner, that unless order is complied with within a reasonable length of time (30 days), this division will proceed to have the work performed, call upon the surety to defray the cost up to the limit of the bond, and place a lien on the land to satisfy the remainder of the cost if it exceeds the limit of the bond.

Order should specify repair, or abandonment in lieu of repair, because, if the new operator complies, he will undoubtedly repair the well; and, if the work is done by the surety, it will be for abandonment. It is advisable to provide for either action in case the division must appoint agents to abandon the well.

(See Exhibit 4 for sample order.)

### 25.3 ORDERING SUMP REMOVAL OR SCREENING

It is illegal for anyone to maintain an oil sump that is hazardous or immediately dangerous to wildlife. Pursuant to Chapter 5, Division 3 of the PRC, all hazardous, exposed oil sumps in the state must either be screened or eliminated. The division works with the Department of Fish and Game, through a joint program, to implement the statutes and to provide an ongoing program of sump elimination and screening.

### 25.31 Definitions

An "oil sump" is defined by statute (Sec. 3780, PRC), as "any open depression or basin in the ground, whether man-made or natural, which contains oil or a combination of oil and water". The statutes also discuss "hazardous" oil sumps and "immediately dangerous" oil sumps for which different administrative procedures apply. Following are definitions, adopted by the division and the Department of Fish and Game, of the two types of oil sumps:

January 1980

- a. "Hazardous oil sump" -either (1) more than 10 percent of the surface area or (2) more than 100 square feet is covered with a visible film of oil capable of entrapping wildlife.
- b. "Immediately dangerous oil sump" those sumps that would be classified "hazardous" but that also contain wildlife losses. Generally, a sump containing fewer than 10 entrapped animals (except rare and endangered species) will be excluded from this category.

### 25.32 Procedure

By statute, action by the division starts only after notification by the Department of Fish and Game of the existence of a hazardous sump. For procedures, see "Attachment A".

Note: If any unreported, hazardous sumps are discovered by division field personnel, the Department of Fish and Game should be notified and requested to file an inspection report so that the division may initiate formal action.

### 25.4 ENFORCING ENVIRONMENTAL COMPLIANCE

The supervisor is mandated (Sec. 3106, PRC) to so supervise the drilling, operation, maintenance, and abandonment of wells as to prevent, as far as possible, damage to life, health, property, and natural resources. The California Administrative Code, Title 14, Subchapter 2, Sections 1750-1780, lists environmental requirements and certain practices that are proscribed.

### 25.41 Procedure

Any well locations or attendant facilities found not to be in compliance with regulations should first be brought to the attention of the operator on an informal basis. The operator should be requested to submit a plan to achieve compliance within a reasonable time. If informal contact fails to bring results, then a Legal Notice (Form OGD51) outlining specific violations and corrective action to be taken is sent.

If corrective action is not taken within a reasonable time, a Delinquency Notice (Form OGD52) is sent (certified mail, return receipt requested). The final action, if violations are not corrected, will be to file a complaint with the district attorney. Penalty for failure to comply is outlined in Section 3236, PRC.

#### 25.5 LEGAL ACTION

#### 25.51 Legal Action for Failure to File Bond or Notice

If an operator starts to drill a well without filing bond or notice, or enters a well to perform work for which a bond and notice are required and fails to file these documents, a division representative is sent to the well to inform the crew that the well is being drilled illegally, that each person is liable, and that bond and notice must be filed prior to resuming

operations. An appropriate entry shall be made in the well's log book. The operator is also notified by letter. If drilling continues, the district attorney is requested by the deputy to take legal action. Failure to file bond or notice is a misdemeanor. District attorney's office issues a citation to the operator, directing him to appear. If, after answering the citation, the operator neglects to file bond and notice, a complaint may be issued by the district attorney and signed by the deputy or engineer in charge. The State Oil and Gas Supervisor is notified prior to taking such action and later notified of the results obtained.

### 25.52 Unreasonable Waste of Gas

The unreasonable waste of natural gas is unlawful. The blowing, release or escape of gas into the air is prima facie evidence of unreasonable waste. Gas production from any oil well in quantities exceeding a reasonable proportion to the amount of oil produced (escessive GOR) may also be deemed unreasonable waste.

### 25.521 Public Hearing

Upon receiving a complaint and petition from any person operating in any oil field that there is occurring an unreasonable waste of gas, the director shall order the supervisor to hold a public hearing to consider the complaint. The director may also order a hearing on the application of the supervisor. Prior to a hearing, a contour map and one cross section of the affected field or pool will be prepared by the district involved and submitted with the deputy's affidavit to headquarters. Affidavit will state that the contour map and cross section depict the division's interpretation of the subsurface geologic structure of the field (pool). Hearing procedure is described in Sec. 3303-3305, PRC.

### 25.522 Order

Following the hearing the supervisor will determine whether or not there is an existent or threatened unreasonable waste of gas, and also determine the extent to which the waste of gas, occurring or threatened, is unreasonable. If the allegation of wastage is not supported by the evidence presented, a decision to that effect will be rendered. If it is found that an unreasonable wastage of gas is occurring or threatened, an order, specifying remedial action, will be issued by the supervisor (see Sec. 3307-3314, PRC for procedure). See Exhibit 5 for sample order.

### 25.53 Well Spacing Plan

For procedure refer to PRC Section 3609 and the following sections of the California Administrative Code:

- a. Section 1721.2 Petition
- b. Section 1721.3 Adoption of a Well-spacing Plan
- c. Section 1721.4 Denial of Petition
- d. Section 1721.5 Finality of Order of Supervisor
- e. Section 1721.6 Revision or Repeal
- f. Section 1721.7 Exceptions
- g. Section 1721.8 Pooling

### 25.54 Time Limit for Legal Action

Statutes provide that prosecution for a misdemeanor must be started by the District Attorney within a year of the offense.

If the supervisor determines, after a public hearing, that the development of a pool, discovered after January 1, 1974, requires a well-spacing pattern other than that specified in Sec. 3600-3608.1, PRC, to prevent waste, protect correlative rights, and increase the ultimate economic recovery of oil and gas, he may adopt a well-spacing plan to apply to the auface and the subsurface of such pool.

DEPARTMENT OF CONSERVATION



416 – 9th STREET, ROOM 1316 SACRAMENTO, CALIFORNIA 95814 (916) 445-9686

USE DISTRICT LETTERHEAD)



EXHIBIT 1

January 14, 1980

Ajax Oil Company
Well No. "Jones" 1
Sec. 10, T3S, R10W, SBB&M
Los Angeles County
Bond No. 10-205-200

#### Gentlemen:

The enclosed order to abandon the subject well is self-explanatory. This is to inform you that if the required work is not begun in the time prescribed (30 days), this Division will proceed to have the work done.

Your company may wish to make arrangements for the abandonment of the well and it would be to your financial advantage to do so. If this Division must arrange for and supervise the abandonment work, a service charge of \$585.00 will be added to the cost.

If you wish to arrange for the work, please contact me and I will send you a list of abandonment contractors in the area, and also send you the necessary forms.

If you do not respond within 30 days, I will assume that you do not wish to undertake the work and I will proceed to make the necessary arrangements for the well abandonment.

Sincerely,

Deputy Supervisor

Enclosure

EXHIBIT 2

STATE OF CALIFORNIA

THE RESOURCES AGENCY

DEFARTMENT OF CONSERVATION

DIVISION OF CIL AND GAS

ORDER NUMBER FOUR HUNDRED TWENTY

EV

M. G. MEFFERD

STATE OIL AND GAS SUPERVISOR

DATED

JANUARY 14, 1980

VAIWOOD FRODUCTION SOMEANY

WELL "VAIWOOD-HIDGES" 24-30

SEC. 30, T. 235., F. 235., M.D.F.&M.

KERN COUNTY

September 18, 1980

VALWOOD PRODUCTION COMPANY UNITED PACIFIC INSURANCE COMPANY

Th the matter of the condition of Valwood Production Company, well "Valwood-Hedges" 24-30, Sec. 30, T. 29 S., R. 23 W., M.D.B. & M., Kern County:

This Division has determined that production equipment has been removed from the well for a period of more than two years and that the well has not been satisfactorily completed or abandoned. The present condition of the well, according to the records of this Division, is shown on Exhibit A, attached herewith and made a part of this order.

Sections 3237 and 3226, Article 4, Chapter 1, Division 3, Public Resources Code, read in part as follows:

Section 3237: "The supervisor or his deputy may order the abandonment of any well that has been deserted whether or not any damage is occurring or threatened by reason of said well...Removal of production equipment or facilities is prima facie evidence of desertion after the elapse of two years after April 1, 1973...Such order may be appealed to the director."

Section 3226: "Within 30 days after service of an order, pursuant to Sections 3224 and 3225 or Section 3237, or if there has been an appeal from the order to the director, within 30 days after service of the decision of the director, or if a review has been taken of the order of the director, within 10 days after the affirmance of the order, the owner or operator shall commence in good faith the work ordered and continue it until completion. If the work has not been commenced and continued to completion, the supervisor shall appoint necessary agents who shall enter the premises and perform the work. An accurate account of the expenditures shall be kept. Any amount so expended shall constitute a lien against real or personal property of the owner or operator pursuant to the provisions of Section 3423."

IT IS HEREBY ORDERED that the well be abandoned in accordance with the specifications outlined in Exhibit B, attached herewith and made a part of this order. This order may be appealed to the Director of Conservation within five days of service of this order.

M: G. MEFFERD
State Oil and Gas Supervisor

Ву		
	Deputy	Supervisor

#### EXHIBIT A

The present condition of Valwood Production Co. well "Valwood-Hedres" 24-30, according to the records of this Division, is as follows:

- 1. Location: From NW cor. of sec. 20; 2172'S., 931'E.
- 2. Accessibility: By dirt trail from highway 58 about 6 miles westerly from Buttonwillow.
- 5. Description of site: Incomplete well head, cellar open and unfenced, two sumps, one with oil and water.
- 4. Status: Uncompleted idle since June 30, 1976.
- 5. Total depth: 9210'.
- 6. Casing: 18" cemented at 45"; 10 3/4" cemented at 1005"; 7" froze at 9180", cemented and/or recemented 8220", 9250", and 8700".
- 7. Tubing: 2 7/8" on packer at \$212", with 2 joints of 2 7/8" tail.
- 8. Plurs: 8700' to 8661'.
- 9. Perforations: 22201 to 83021 and 83201 to 83641.
- 10. Base of fresh water: None.
- 11. Producing nones: Basal Etchegoin, equivalent to Randolph Zone at Semitronic.
- 12. Hole fluid: Probably water, oil, gas, and cement contaminated mud.
- 13. Junk
  - a. Surface: None.
  - b. Subsurface: Swab tools, for at 72001, stuck in 2 7/8" tubing.
- 14. Urlawful conditions
  - a. Surface: Two open unfenced sumps, one with oil and water. The well cellar is open and unfenced.
  - b. Subsurface: Undemonstrated competercy of dementing by WSC test. The condition of this well is such that natural resources may be lost either

### EXHIFIT A Continued:

- 14. b. by escaping to water sands or by water entering hydrocarbon-hearing sands. No workover activities have been initiated to date. This well has demonstrated the capability of flowing water to the surface.
- 15. Other Comments: Quote from operators history on June 30, 1976, "It appears that cement job broke down after 3:30, swab run yesterday since there was a vacuum behind the 7" casing and heavy cement contaminated mud was being swabbed. Secured well and moved out. Suspended pending workover."

#### EXHIBIT B

The following operations are necessary by the operator or the Division's authorized agent to abate the existing conditions of well "Valwood-Hedges" 24-30:

- 1. A Notice of Intention to Abandon (Form OG108) shall be filed with this Division at least five days prior to commencing work.
- 2. The operator or the Division's authorized agent shall enter the property and the following program, or such necessary operations as determined by this Division from engineering and geological data, shall be performed:
  - a. Adequate blowout prevention equipment shall be installed and maintained in operating condition at all times. Minimum equipment, DOG Class III (API 2M-RSRA), mud pit level indicator and alarm.
  - b. Drilling fluid of a quality and quantity to control subsurface conditions in order to prevent blowouts, shall be used. Minimum drilling fluid of 85 pounds per cubic foot in weight and about 500 barrels in ready volume.
  - c. The well pressure shall be reduced to zero at the surface and the tubing removed from the hole and safely stacked nearby in an orderly manner.
  - d. The well shall be cleaned out to 8364', or as deep as possible.
  - e. The well shall be plugged with cement from 8364' to 8180' or to 100 above the clean-out depth.
  - f. The casing shall be shot at 8100' and squeeze cemented. Sufficient cement to fill 100' both inside and outside of the casing shall be used.
  - g. The hole shall be filled with drilling fluid of same quality as in step 3 (b).
  - h. The well shall be plugged with cement from 31' to 6', including all annular spaces.
  - i. All well casing shall be cut off at least 5 feet below the surface of the ground and removed. (For urban areas) a steel plate at least as thick as the outer well casing shall be welded around the circumference of the outer casing at the top of said casing, after division approval of the surface plug.
- 3. All equipment, casing or junk that require removal to implement restoration to lawful conditions shall be removed and properly disposed of in accordance with environmental laws, and in accordance with instructions from the Division of Oil and Gas.

# FXHIBIT B Continued:

- 4. The surface at the site shall be restored to a condition befitting the use of the surrounding land.
- 5. This Division shall be notified to:
  - a. Witness installation and testing of blowout prevention equipment.
  - b. Witness the placement and location and hardness of all cement plugs.
  - c. Inspect the restored location.
- 6. A Well Summary Report (Form OG100) and History (Form OG 103) shall be filed in duplicate within 60 days of completing work.

TO: ORLAND OIL SYNDICATE, LTD.

THELMA SIMMS

IRENE JONES

In the matter of ORLAND OIL SYNDICATE, LTD., well No. 1, Sec. 31, T. 23N., R. 3W., M.D.B.& M., Malton-Black Butte Gas field, Tehama County, located on lands owned or controlled by Thelma Simms and Irene Jones.

The present condition of the well, according to the records of this Division is shown on the attached Exhibit A, herewith made a part of this order.

Pursuant to Article 4.2, Chapter 1, Division 3 of the Public Resources Code, the State Oil and Gas Supervisor has determined that well No. 1 is a hazardous well, a public nuisance, and a danger to life, health and natural resources. The supervisor has further determined that regulatory abatement, while resulting in a public benefit, would result in financial unfairness to the landowners.

Therefore, IT IS HEREBY ORDERED that necessary remedying actions as specified in Exhibit B, herewith made a part of this order, shall be carried out by the supervisor or his authorized agents; the cost of which shall be charged to the state's producers of oil and gas as provided in Article 7, commencing with Section 3400, Chapter 1, Division 3 of the Public Resources Code.

M. G. MEFFERD
STATE OIL AND GAS SUPERVISOR

of C. Sullivan, Deputy Supervisor

STATE OF CALIFORNIA

THE RESOURCES AGENCY

DEPARTMENT OF CONSERVATION

DIVISION OF OIL AND GAS

ORDER NUMBER 429

BY

M. G. MEFFERD

State Oil and Gas Supervisor

DATED

May 25, 1978

ORLAND OIL SYNDICATE, LTD.

WELL NO. 1

SEC. 31, T. 23N., R. 3W., M.D.B.&M.

MALTON-BLACK BUTTE GAS FIELD

TEHAMA COUNTY

#### EXHIBIT A

The present condition of Orland Oil Syndicate, Ltd. well No. 1 according to records of this Division, is as follows:

- 1. Location: Fr. NW cor. of Sec. 31, 150'south and 225' east.
- 2. Accessibility: One mile of unimproved dirt road off of a light duty all weather road (grazing land).
- 3. Description of well site: Concrete sub-base for drawworks etc.
- 4. Well status: Abandoned in 1947. Reported leaking gas in 1952.
- 5. Total depth: 3780'.
- 6. Casing: 16" cemented 16"; 8½" cemented 2260"; 6 5/8" cemented 3440", recovered from 1409".
- 7. Tubing: None.
- 8. Plugs: 3246'-3194', 2275'-2243', 1406'-1377' and ? the surface.
- 9. Perforations: None.
- 10. Base of fresh water: 1850'.
- 11. Producing zones: None.
- 12. Hole fluid: ?
- 13. Junk
  - (a) Surface: Concrete sub-base for drawworks etc.
  - (b) Subsurface: ? (present subsurface condition is unknown).
- 14. Hazardous conditions
  - (a) Surface: Well is leaking gas to surface.
  - (b) Subsurface: Unknown.
- 15. Other comments: Well has been leaking gas since 1952 and is classified as hazardous.

#### EXHIBIT B

The following operations are necessary to abate the hazardous condition of Orland Oil Syndicate, Ltd. well No. 1.

- 1. A Notice of Intention to Abandon (Form OG108) shall be filed with this Division by its authorized agent (abandonment contractor) at least five days prior to commencing work.
- 2. The Division's authorized agent shall enter the property subject to the special provisions of the "Limited License to Enter Specified Lands" attached hereto.
- 3. The well shall be cleaned out to a depth of 1377' and the hole fluid shall be replaced with clay base drilling fluid with a minimum density of 70 lbs. cu. ft. and adequate gel (shear) strength.
- 4. A 3" X 10' cavity shot shall be detonated from 550'+ to 560'+.
- 5. The casing shall be plugged with cement from 560' to 450' and 30' to 5'.
- 6. All casing shall be recovered from 51.
- 7. All equipment, casing, or junk that require removal to implement abandonment of the well shall be removed and properly disposed of by burial at least 5' below grade.
- 8. The surface at the well site shall be restored to a condition that is not hazardous to people or animals.
- 9. This Division shall be notified by its authorized agent to:
  - Witness all mudding operations.
  - b. Witness detonation of cavity shot from  $550' \pm to 560' \pm ...$
  - c. Witness placing and location and hardness of all cement plugs.
  - d. Inspect surface restoration.
- 10. A Well Summary Report (Form OG100) and History (Form OG103) shall be filed in duplicate by the Divisions's agent within 60 days of completing the work.

# TO ENTER SPECIFIED LANDS TO COMPLETE INSPECTION, TESTING, SITE PREPARATION, AND ABATEMENT OF HAZARDOUS WELL

(property owner names), (address)	
(city), California, hereinafter called "L:	icensor(s)".
grant this Limited License to the California Division of Oil and Gas,	
called "Licensee", for the purpose of inspecting, testing, and doing	
work as may be required to abandon well	•
1. Privileges Granted	
Licensee's agents and employees may enter onto said lan	ds; may
prepare access to the well site; may clear vegetation and ca	
such other site preparation work as may be necessary; may pr	operly
abandon said well; may properly dispose of all casing, junk,	
and polluting materials removed from the well and well site;	
use such equipment on said lands for these purposes as is ne	cessary
in the judgment of the Licensee.	
2. Property Description	
All those lands owned or controlled by,,(husband and wife, etc.) _, in the Co	ounty of
, State of California, located in t	he
on which well is located known as	B.&M.,
Subdivision No. , per	map filed
, 19 in Vol. of Maps, page County Records.	·
3. Special Provisions	
a. This license shall be valid on weekdays during normal wor	king hours
from, 19to	, 19
b. Licensee shall keep all gates to and within said property	
all times except during actual ingress or egress.	

- c. Licensee shall repair any damage that may occur to any fence, gate, road, or vegetation due to the passage of Licensee's personnel or equipment through or over such fence, gate, road, or vegetation.
- d. The right to enter is limited to the performance of such work and testing as may be necessary for permanently abandoning the existing well that is now in a hazardous condition.

	Executed at	this day of
19	•	
	•	
		LICENSOR
		Address
		,
,		•
WITNESS:		
	Name	
	Address	•

3250. The Legislature hereby finds and declares that hazardous and certain idle-deserted oil and gas wells, as defined in this article, are public nuisances and that it is essential, in order to protect life, health, and natural resources that such oil and gas wells be abandoned, reabandoned, produced, or otherwise remedied to mitigate, minimize, or eliminate their danger to life, health, and natural resources.

The Legislature further finds and declares that, although the abatement of such public nuisances could be accomplished by means of an exercise of the regulatory power of the state, such regulatory abatement would result in unfairness and financial hardship for certain landowners, while also resulting in benefits to the public. The Legislature, therefore, finds and declares that the expenditure of funds to abate such nuisances as provided in this article is for a public purpose and finds and declares it to be the policy of this state that the cost of carrying out such abatement be charged to this state's producers of oil and gas as provided in Article 7 (commencing with Section 3400).

3251. For the purposes of this article, an oil or gas well is a "hazardous well" if the well has been determined by the supervisor to presently pose a danger to life, health, or natural resources and subdivisions (a) and (b) of this section apply. Also, for the purposes of this article, an oil or gas well is an "idle-deserted well" if Section 3237 and subdivisions (a) and (b) of this section apply.

(a) Regulatory abatement of such a public nuisance is not possible because the last operator that had an economic interest in, or received any benefit from, the well is deceased, defunct, or no longer

in business in this state.

- (b) The present surface owner and mineral estate owners derived no substantial financial gain from the well. In making the determination respecting financial gain, the supervisor may seek such information and require such proof of these matters as may be desirable or necessary.
- 3252. As used in this article, "natural resources" includes land, water, air, minerals, vegetation, wildlife, historical or aesthetic sites, or any other natural resource which, irrespective of ownership, contributes to the health, safety, welfare, or enjoyment of a substantial number of persons, or to the substantial balance of an ecological community.
- 3253. If any provisions of this article or the application thereof in any circumstances or to any person or public agency is held invalid. the remainder of this article or the application thereof in other circumstances or to other persons or public agencies shall not be affected thereby.

3254. This article shall be liberally construed and applied to promote its purposes.

3255. (a) Notwithstanding any other provision of this division, variance the supervisor may order that any of the following operations be of hazardous carried out on any property in the vicinity of which, or on which, is well located any well that the supervisor determines to be either a hazardous or an idle-deserted well:

(1) Any inspection or tests necessary to determine what action, if any, would be appropriate to effectuate the purpose of this article.

(2) The abandonment of such a well.

(3) The reabandonment of such a well.

(4) The redrilling and production of an existing well for purposes of remedying, mitigating, minimizing, or eliminating danger to life, health, and natural resources.

(5) The drilling and production of a well for purposes of remedying, mitigating, minimizing, or eliminating danger to life, health, and natural resources.

(6) Any other remedy or oilfield operation calculated to

effectuate the purpose of this article.

(b) If, pursuant to this article, the supervisor orders that any operation be carried out with respect to a hazardous or idle-deserted well and such operation will, by virtue of the physical occupation or destruction of all or any part of the property or the extraction of oil or gas from such property, substantially interfere with the enjoyment of the property, the supervisor shall acquire, as provided in Section 3256, such minimal interest in the property as is necessary to carry out such operation. No such acquisition may be made pursuant to this subdivision unless the supervisor finds and determines that the public benefits to be derived therefrom in remedying, mitigating, minimizing, or eliminating danger to life, health, and natural resources will exceed the cost of such acquisition, irrespective of the manner in which such acquisition is to be funded.

(c) An order of the supervisor to carry out any of the operations listed in subdivision (a) may be appealed by the owner of the property pursuant to Article 6 (commencing with Section 3350), except that in the case of an emergency no stay of the supervisor's

order shall accompany the appeal.

3256. (a) The division is hereby authorized to accept, and hold Acquisition for and in the name of the state, by gift, exchange, purchase, negotiation, or eminent domain proceedings, any and all property or appurtenances of every kind and description thereto, including land, leases, easements, rights-of-way, oil, gas, or other mineral rights as the supervisor determines to be required and necessary to carry out operations to effect the purpose of this article.

(b) When the division cannot acquire any such necessary property or interest therein by agreement with the owner, any such property or interest therein authorized to be acquired under this article shall be acquired pursuant to provisions of the Property Acquisition Law (Part 11 (commencing with Section 15850) of Division

3 of Title 2 of the Government Code); except that, notwithstanding any provision thereof, the division, in the name of and for the state, may take immediate possession and use of any property required to carry out operations to effect the purpose of this article after eminent domain proceedings are first commenced according to law in a court of competent jurisdiction, and thereupon giving such security as the court in which the proceedings are pending directs to secure to the owner of the property sought to be taken immediate compensation for the taking and any damage incident thereto, including damages sustained by reason of an adjudication that there is no necessity for taking the property.

3257. To effect the purpose of this article, the Division is authorized to enter into agreements with any person, public agency, corporation, or other entity for the management or operation of property acquired or for the conduct of any operation ordered pursuant to

this article.

3258. The division may not make expenditures pursuant to this erarticle that exceed the sum of five hundred thousand dollars (\$500,-000) in any one fiscal year.

3259. (Repealed by Stats. 1981, c. 741)

3350. The lessor, lessee, or any operator or any well owner, or the Appeal from owner of any rig, derrick, or other operating structure, or his local arder agent, shall within 10 days from the date of the service of any order from the supervisor or a district deputy, other than the order contemplated by Section 3308, either comply with the order or file with the supervisor or the district deputy a written statement that the order is not acceptable, and that appeal from the order is taken to the director under the provisions of this chapter.

Any lessor, lessee, or operator affected by an order made pursuant to Section 3308 may; within 10 days from the posting of the copy of the order, file with the supervisor a written appeal therefrom to the director under the provisions of this chapter.

Any such appeal shall operate as a stay of any order issued pursuant to this chapter.

3351. Immediately upon filing of a notice of appeal, the director shall call for a public hearing upon the appeal.

The hearing upon the appeal before the director shall be de novo and at such place in the district as the director may designate.

3352. Within 10 days from the taking of the appeal, 10 days' notice Nonce of in writing shall be given to the appellant of the time and place of the tinuance hearing. For good cause, the director may postpone the hearing, on the application of the appellant, the supervisor, or the district deputy, for a period not to exceed 10 days.

3353. The director, after hearing, shall affirm, set aside, or modify the order from which the appeal is taken.

Within 10 days after hearing the evidence, the director shall make a written decision with respect to the order appealed from. The decision of the director shall forthwith be filed with the supervisor and upon such filing shall be final. In case the order is affirmed or modified, the director shall retain jurisdiction until such time as the work ordered to be done by the order is finally completed.

The written decision shall be served upon the owner or his agent and shall supersede the previous order of the supervisor. In case no written decision is made by the director within 30 days after the date of notice of hearing as provided in Section 3352, the order of the supervisor shall be effective and subject only to review by writ of certiorari from the superior court as provided in this article.

3354. The decision of the director may be reviewed by writ of certiorari from the superior court of the county in which the district is situated, if taken within 10 days after the service of the decision upon the owner, operator, or agent of the owner or operator, as provided in Section 3353, or within 10 days after the decision by the director upon a petition by the supervisor. The writ shall be made returnable not later than 10 days after its issuance, and it shall direct the director to certify the record in the cause to the court. On the return day, the cause shall be heard by the court, unless for good cause it is continued, but no continuance shall be permitted for a longer period than 30 days.

Hearing on appeal

Decuion of director: review of certiorari

Time for review; hea ing: contin-MAINCE

AMERICAN PETROLEUM COMPANY U.S. FIDELLTY AND DEFOSIT COMPANY THOMAS L. SMITH

In the matter of the condition of American Petroleum Company, well "Smith" 1, Sec. 25, T. 2 S., R. 10 W., S.B.B.&M., Los Angeles County:

This Division has determined that drilling equipment has been removed from the well for a period of more than six months and that the well has not been satisfactorily completed or abandoned. The present condition of the well, according to records of this Division, is shown on Exhibit A, attacked herewith and made a part of this order.

Sections 3224, 3237, and 3226, Article 4, Chapter 1, Division 3, Public Resources Code, read in part as follows:

Section 3224: "The supervisor shall order such tests or remedial work as in his judgment are necessary to prevent damage to life, health, property, and natural resources; ...to prevent the infiltration of detrimental substances into underground or surface water suitable for irrigation or domestic purposes..."

Section 3237: "The supervisor or his deputy may order the abandonment of any well that has been deserted whether or not any damage is occurring or threatened by reason of said well. Suspension of drilling operations and removal of drilling machinery is prima facie evidence of desertion after the elapse of six months unless a request for an extension of time for a period not to exceed an additional six months is theretofore filed.... Such order may be appealed to the director".

Section 3226: "Within 30 days after service of an order, pursuant to Sections 3224 and 3225 or Section 3237, or if there has been an appeal from the order to the director, within 30 days after service of the decision of the director, or if a review has been taken of the order of the director, within 10 days after the affirmance of the order, the owner or operator shall commence in good faith the work ordered and continue it until completion. If the work has not been commenced and continued to completion, the supervisor shall appoint necessary agents who shall enter the premises and perform the work. An accurate account of the expenditures shall be kept. Any amount so expended shall constitute a lien against real or personal property of the owner or operator pursuant to the provisions of Section 3423."

IT IS HEREBY ORDERED that remedial work be performed on the well in accordance with the specifications outlined in Exhibit B or in lieu of such remedial work, that the well be abandoned in accordance with the specifications outlined in Exhibit C; both Exhibit B and Exhibit C are attached herewith and node a part of this order. This order may be appealed to the Director of Conservation within five days of service of this order.

M. G. MEFFERD
State Oil and Gas Supervisor

bу			
	Deputy	Supervisor	

#### BEFORE THE STATE OIL AND GAS SUPERVISOR

#### DEPARTMENT OF CONSERVATION

EXHIBIT

JAN 17 1280

DIVISION OF OIL & GAS SACRAMENTO

#### STATE OF CALIFORNIA

64-1

In the Matter of the Petition for Hearing to Determine Whether There is Occurring or Threatened an Unreasonable Waste of Cas at English Colony Field, Kern County, California

FINDINGS OF PACT and

ORDER

To Discontinue or Refrain from Excessive Cas Production

This matter came on regularly for hearing before the State Oil and Gas Supervisor in Room 708, Board of Supervisors' Chambers, County of Karn, Administration and Courts Building, Truxtum at Chester Avenue, Bakersfield, California, on August 26, 1964, Bicknell J. Showers, Hearing Officer, presiding; YOURG, WOOLRIDGE, PAULDEN & SELF, and JOHN B. YOUNG, Esq., representing Rothschild Oil Company, Mennonite Brethren Church of Rosedale, and Rancho Oil Company; BAKER, PAIMER & WALL, and STEPHEN E. WALL, Esq., representing Standard Oil Company of California; HARRY M. CCMROS, Esq., representing Kern County Land Company; and oral and documentary evidence having been introduced and the matter having been submitted, the State Oil and Cas Supervisor, having heard the testimony and considered the evidence, now makes the following

#### LINDINGS OF TACT

I.

Complaint was made to the Director of Conservation by Rothschild Oil Company, operating in the English Colony Field, which complaint alleged that there is occurring or threatened an unreasonable waste of gas in said field. The complainant requested by telegram so said Director that a hearing be held to consider whather such waste was

occurring or threatened. The said Director found there is probable cause for complaint and ordered the State Oil and Gas Supervisor to hold such a hearing and fix a time and place therefor.

#### II.

The State Oil and Gas Supervisor duly and regularly and upon the 12th day of August, 1964, sent notice by United States mail to each and every lessor, lessee and operator known to such Supervisor, that such a hearing would be held on the 26th day of August, 1964, at the hour of 10:00 A.M. in Room 708, Board of Supervisors' Chambers, County of Kern, Administration and Courts Building, Truxtum at Chaster Avenue, Bakersfield. Notice of time, place and purpose of hearing was also duly and regularly given by publication in a newspaper printed and published in Kern County, to wit: in the Bakersfield Californian on the 20th, 21st, 22nd, 24th and 25th day of August, 1964.

#### III.

There is in the County of Kern, State of Chlifornia, an oil and gas field commonly known as English Colony Field, which field contains a productive horizon known as the "28-22" Sand of the Stevens Pool.

#### IV.

The excessive and wasteful production of gas from wells producing from the "28-22' Sand, Stevens Pool, has caused and, if continued, will cause the ultimate loss of large quantities of oil otherwise recoverable.

#### ٧.

The People of the State of California have a sufficient interest in the preservation of oil and gas as natural resources of

the State to prevent their waste and destruction and to require that the "28-22' Sand, Stevens Pool, of the English Colony Field, be operated so that there will be the maximum amount of economically recoverable ultimate production of oil, gas and associated hydrocarbons therefrom.

VI.

There is in existence at this time an unreasonable waste of gas in the "2d-22" Sand, Stevens Pool, of the English Colony Field. Production of natural gas and other hydrocarbons from the primary gas cap portion of the "2b-22" Sand, Stevens Pool, English Colony Field, at a rate in excess of the equivalent to the volumetric withdrawal of reservoir fluids from the pressure-connected black oil portion of the subject pool, is unreasonable. Production in excess of such a volumetric balance is unreasonable because it will result in the migration of black oil into the primary gas cap.

#### VII.

Production of natural gas from any wells located in the black oil portion of the "28-22" Sand, Stavens Pool, of the English Colony Field, which is in excess of 300 Mcf. per day per well is unreasonable.

PURSUANT TO SUCH FINDINGS OF FACT, THE STATE OIL AND GAS SUPERVISOR DOES HEREBY

#### ORDER

1. That immediately following the fifth day after posting of this Order, any and all operators of wells producing from the primary gas cap portion of the '28-22" Sand, Stevens Pool, of the English Colony Field, shall discontinue and refrain from producing

gas and other hydrocarbons at a total combined rate in excess of the amount equivalent to the volumetric withdrawal of reservoir fluids from the pressure-connected black oil portion of the subject pool.

- 2. Any and all operators of wells producing from the black oil portion of the "28-22" Sand, Stevens Pool, of the English Colony Field, shall discontinue and refrain from producing gas at a rate in excess of 300 Mcf. per day per well.
- 3. A copy of this Order shall be posted in a conspicuous place upon all properties producing from the "28-22" Sand, Stevens Pool, of the English Colony Field.
- 4. This Order may be modified from time to time as field conditions warrant.

Dated: September 17, 1964

Posted: September 21, 1964

9:15 a.m. to 9:50 a.m.

E. R. Murray-Aaron

State Oil and Gas Supervisor Department of Conservation

State of California

## DOG-DFG SUMP-ELIMINATION PROGRAM PROCEDURES

The Division of Oil and Gas procedures start upon receipt of an OIL SUMP INSPECTION REPORT (FG 868) from the Department of Fish and Game. The report is received in a district office and handled by a Deputy or an environmental engineer, as follows:

- 1. Note whether Form FG 868 is filled out completely. If it is not, request that D.F.G. does so, and returns it to D.O.G. D.O.G. engineer should not make written notations on Form FG 868. D.O.G. comments should be made on a separate page attached to Form FG 868.
- 2. If there is a question regarding the location or identification of a sump described on Form FG 868, inspect the site and fill out Form OGD27 SUMP INSPECTION completely.
- Prepare D.O.G. NOTICE AND ORDER Form OGD53 per attached sample. This form must be signed by a Deputy.
- 4. Attach the following to Form OGD 53:
  - a. Copy of Form FG 868.
  - b. Copy of D.O.G. sump inspection (Form OGD27), if D.O.G. inspection has been made.
- 5. Send Form OGD53 and attachments to the operator by certified mail, return receipt requested. Send copy of Form OGD53 and attachments to headquarters.
- 6. Fill out SERVICE BY MAIL section of Department of Conservation Form PO-57 (DECLARATION OF SERVICE UNDER SECTION 18575 OF THE GOVERNMENT CODE). Cross out the word "registered", write in the word "certified" and initial the change, as follows:

My business address is	
I served the foregoing	by depositing a true
copy thereof in the United States mail in	State
of California, on, 1	9 , enclosed in a sealed envelope.
certified registered, within return rece	ipt requested, with postage thereon fully
prepaid, addressed as follows:	

- 7. When receipt is returned, enter date NOTICE AND ORDER was received by operator opposite "Date of Service" on file copy of Form OGD53. "Compliance Date" is then calculated and entered on the form. It is 10 days after date of service for "immediately dangerous" sumps, and 30 days after date of service for "hazardous" sumps. Attach receipt to file copy.
- 8. If an operator files an appeal with the Director of Conservation, pursuant to section 3350, Article 6, P.R.C., new D.O.G. and D.F.G. field inspections must be made within 10 days prior to the hearing date and new inspection forms (FG868 and OGD27) should be filled out completely. Usually, no further action of District personnel is required until the outcome of the hearing, although personnel who filled out inspection reports will probably be called as witnesses at the hearing. All hearings will be conducted in accordance with the Administrative Procedures Act.
- 9. If an operator makes a written request to the D.O.G. for extension of the compliance period, an extension may be granted with the concurrence of the D.F.G. The extension should be approved by a Deputy in writing; moreover, a notation should be made on the District office copy of Form OGD53 indicating the following:
  - a. D.F.G. personnel who concurred with extension date.
  - b. Date of discussion between D.O.G. and D.F.G. personnel regarding the extension.
- 10. D.O.G. should make an inspection at the end of the compliance period and a new Form OGD27 should be filled out completely. If compliance is satisfactory, Deputy should send a letter stating this fact to the operator, with copy to D.F.G. The letter should contain the following:
  - a. Date final inspection was made.
  - b. Name of inspector.
  - c. Signed by Deputy.

- 11. If compliance is not satisfactory determine whether operator and mineral estate owner are different persons. If they are, send a new NOTICE AND ORDER (Form OGD 53) to the mineral estate owner using the same procedure as that used in sending the first NOTICE AND ORDER. Send a copy of this NOTICE AND ORDER to the operator, and one to headquarters.
- 12. Make another inspection and complete Form OGD27 immediately after the end of the final compliance period. If compliance still is not satisfactory, issue an ORDER OF CLOSURE (Form OGD54) to the operator, with copy to the mineral estate owner, and post a NOTICE OF CLOSURE (Form OGD28) on the property. Attach a copy of the NOTICE AND ORDER (Form OGD53) to the ORDER OF CLOSURE.
- 13. Send copies of ORDER OF CLOSURE (Form OGD54) and attachments to the operator and mineral estate owner by certified mail, return receipt requested, send copy of Form OGD54 and attachments to headquarters.
- 14. Fill out SERVICE BY MAIL section of Department of Conservation Form P0-57 for each mailed form. (See item 6 of these procedures)
- 15. When both receipts are returned, enter dates ORDER OF CLOSURES were received opposite "Date of Service" on each file copy of Form OGD54, and attach receipts.
- 16. D.O.G. should inspect sump site one week after date of service. If compliance with the ORDER OF CLOSURE is unsatisfactory, or if compliance with the ORDER OF CLOSURE is satisfactory, but compliance with the order to screen and fence or eliminate the sump(s) is unsatisfactory, notify headquarters, to take further legal action.

Head quarters will keep field personnel informed as to the status of cases in their jurisdiction, and will notify them if additional data is needed. Field personnel will be notified well in advance if they are to appear in court or at a hearing.

Note: The following documents are public records:

- 1. OIL SUMP INSPECTION REPORT (FG 868)
- 2. SUMP INSPECTION (OGD27)
- 3. Correspondence from the D.O.G. to the owner or operator

The following documents are confidential:

- 1. Correspondence between public agencies
- 2. Memos to file

(Refer to section 6250, Government Code)

### STATE OF CALIFORNIA, RESOURCES AGENCY, DEPARTMENT OF DIVISION OF OIL AND GAS

NOTICE AND ORDER

SAMPLE

•					•
<b>%</b> :0:.	Mark Morris				
	MARK MORRIS				
	P. O. Box 1752 Bakersfield, CA 933	02			
A. I	nakex or store that	an inspection of oil and	gas operations	conducted under you	our ownership or cont
was	ntice is hereby given that made on <u>January 18</u>	1975 Said op 30S Range 29E	M.D.	_Base & Meridian, (	or other description _
Cour	aty, Sec	-i-" 2 in Edison f	ield.		

The following violations were observed:

Code & Sec. No., & Brief Statement of Violation

County, Sec. 22

The owner, lessee, operator, or person responsible for the operation, maintenance, and use of oil field facilities at the location described above maintains and uses in conjunction therewith three oil sumps of various size, as designated hereafter: Sump A - 129' x 42', Sump B - 60' x 24', and Sump C - 39' x 21', without providing the enclosure and screening thereof as required by Section 3781 of the Public Resources Code and provisions of Section 1778, Title 14, California Administrative Code.

near well No. "Renee Morris" 2 in Edison field.

The surface of said sumps were in whole or in part covered with oil on January 18, 1975.

Corrective Action Required

The sumps shall be screened and fenced in a condition as set forth in CAC Title 14, Sec. 1778 (b) and (e), or eliminated.

ORDER: It is hereby found, determined and declared that the above oil sump(s) constitute(s) 🗷 a hazard 🗋 an mediate and grave danger to wildlife pursuant to Section 1016 of the Fish and Game Code.

Notice and Order, the Supervisor snall forthwith order the closure of the oil and gas production operations which the sump is maintained, pursuant to sections 3780 through 3787 of the Public Resources Code, or shall so other appropriate action.

APPEAL: It you, for any reason, disagree with this Notice and Order, or the proposal to order closure, you m within five (5) days from service of this Notice and Order, pursuant to section 1770.4, Title 14, California ministrative Code, request a public hearing before the Director of Conservation. Such request for public hear must be served within said 5-day period, upon the Director of Conservation, Room 1512 at 1416 Ninth Str Sacramento, California 95814.

Further, pursuant to provisions of sections 3783-3784.5 of the Public Resources Code, you may make wri request of the State Oil and Gas Supervisor and the Department of Fish and Game for an extension of the com ance period. Request for extension shall be made to: Division of Oil and Gas, 520 Kentucky Stre Room 1, Bakersfield, CA 93305

Signature

Deputy Supervisor Title

(FG 868 1-18-75) Attachments

OGD53 (8 - 73 - 0901- 3C)

For Administrative use only

Notice Number EI475-61 Date of Service 4-9-75 Compliance Date 7-9 Extended Compliance Date

SAMPLE

Field Name: Elizor D-plicates	549
Field Name: Elison D-plicates  Sump and/or Well No.: Renee #7 Operator: Mark Ma	DIFIS
Sump Location:	
1. County - Kern	
2. NW/of Sec. 22, T. 30, R. 29.	•
3. Direction and distance to nearest road, town, well, building,	etc.
East Side of Malace Kil of Mor	1915
Field Office and Yards	
4. Map sketch on reverse? Yes No	•
Sump Data: 35: Lmps . 1 129×42 - 54	418
Sump Data: 35: Lmps 1 129×42 - 59 2 40×24 19 3 39×21	7-40 N 9
2. In Use [ Abandoned [	•
3. Oil on surface? / O %, sq. ft.,	None 🗌
4. Vegetation - within sump -	
eround edge -	
5. Adequate protective devices now in place (fencing, screening, If no, explain why.	etc.) Yes
Suscicient oil to trap wildlife	
6. Human hazard involved? Yes No	
If "Yes", explain -	
	-
wildlife in Sump: (Species - number) Unknown Could Could be 1. Ducks 3. Rabbits	d NoTge
1. Ducks 3. Rabbits	
2. Songbirds 4. Other (Specify)	÷
Sump Category: Hazardous Immediately Dangerous Eneficial	Fliminated
Inspected by: 1-18-	75 ion
Date of Inspect  JAN 28 137  Title  Date of Notific	
Date of Notific Division of Oil	ation to
pivision of oth	2114 045



# OFFICE OF THE ATTORNEY GENERAL Department of Justice state building, los angeles 80012

ATTACHMENT B

August 23, 1971

Mr. Wesley G. Bruer Supervisor of Oil and Gas Division of Oil and Gas Department of Conservation 1416 Ninth Street, 15th Floor Sacramento, California 95814

RE: Public Resources Code Section 3237, Order to Abandon and Evidence of Desertion

#### Dear Sir:

You have requested the informal opinion of this office as to whether removal of producing equipment or a lengthy period of no production from a well might be considered evidence of desertion within the meaning of Public Resources Code section 3237 thereby allowing the Supervisor of Oil and Gas to issue an order to abandon the well.

In our opinion, the Supervisor is not restricted to consideration of the type of evidence listed in Public Resources Code section 3237 (suspension of drilling operations and removal of drilling machinery), but may consider any evidence which shows an intent of the operator to desert the well, such as removal of production equipment, or a lengthy period of nonproduction along with any other acts showing an intent to abandon. If, from all the evidence, the Supervisor concludes that the operator of the well intended to give up the well, the Supervisor may issue an order of abandonment pursuant to the statute.

#### ANALYSIS

Public Resources Code section 3237 provides:

"The supervisor or his deputy may order the abandonment of any well that has been deserted whether or not any damage is occurring or threatened by reason of said well. Suspension of drilling operations and removal of drilling machinery is prima facie evidence of desertion after the lapse of six months unless a request for an extension of time for a period not to exceed an additional six supervisor may for good cause shown extend this period. Such order may be appealed to the district oil and gas commissioners." 1/

The issue presented by this section is two-fold: What is meant by "deserted," and what evidence is required for the Supervisor to make a finding of desertion.

Normally, "desertion" or "deserted" is used in the sense of the willful giving up or abandonment of a legal duty, such as occurs in a family relations setting or in the military. (See 26A Corpus Juris Secundum, Desertion, p. 861.) It appears, however, that the word as used in section 3237 was used in the sense of "abandonment," that is, the voluntary giving up of a right or of something to which one is entitled. Martin v. Cassidy, 149 Cal. App. 2d 106, 110 (1957). The distinction between

l. Public Resources Code section 3755 contains an identical provision for geothermal resources wells, with the exception that the last sentence of section 3237 concerning appeal of an order is omitted. Section 3762, however, makes any order of the Supervisor issued pursuant to the Geothermal Resources Act (Pub. Res. Code §§ 3700 et seq.) appealable to the Geothermal Resources Board.

Supervisor's duties, powers and obligations over oil and gas well abandonments is equally applicable to geothermal resources well abandonments.

abandonment and desertion, as normally used, is that desertion involves a legal obligation which is being willfully given up, while abandonment deals with giving up possession or ownership. Section 3237 appears to be directed at wells in which no activity is taking place; that is, wells that appear to be abandoned in the legal sense. The word "deserted" was undoubtedly used instead of "abandoned," since the section is designed to provide for an order of abandonment by the Supervisor. In the context of the Supervisor's authority and responsibility, abandonment is used in a technical sense, that is, those steps and activities required of a well owner and operator to plug and permanently leave the well. (Public Resources Code §§ 3228-32.) It appears that the Legislature chose the word "deserted" to avoid confusion that would arise if it repeated the word "abandoned." We thus conclude that a "deserted" well within the meaning of section 3237 is one that has been legally abandoned but the operator or owner of which has not complied with the statutory requirements of the Public Resources Code or the rules and regulations of the Supervisor.

The second problem presented is the type and amount of evidence required for the Supervisor to make a finding of desertion. An abandonment requires an intention to abandon. "The question of abandonment, whether it be a complete abandonment or a cessation of operations with intention of never resuming, is always one of act and intent." Rea v. Glenn, 133 Cal. 82, 87 (1933). Thus, the difficulty is obtaining and evaluating evidence of intent to abandon.

The statute (section 3237) provides one set of circumstances which is prima facie evidence of abandonment: suspension of drilling operations and removal of drilling machinery after the lapse of six months. Evidence of such suspension and removal constitutes a rebuttable presumption that the well has been deserted. (Evid. Code § 602.) Thus, if there is no contrary evidence available to the Supervisor, from evidence of suspension and removal for the requisite period of time, he may find the well has been deserted

and order an abandonment. (Cf. Evid. Code §§ 604, 606.) Stated otherwise, the effect of making such facts prima facie evidence of desertion is to obviate the necessity of producing direct evidence of intent.

Although the argument can be made that the . order of abandonment under section 3237 is related to desertion of a well prior to any production (see Public Resources Code sections 3206-08), that is as to dry wells only, we do not conclude that the Supervisor may only consider evidence of suspension of drilling operations and removal of drilling machinary. The operative portion of section 3237 is the first sentence which authorizes the Supervisor to order an abandonment of any well that has been deserted. The provision giving rise to the rebuttable presumption (relating to certain evidence of descrtion at the time a well is drilled) seems to case the burden and quantity of proof required under those circumstances. It does not, however, detract from the Supervisor's basic authority to order abandonment of any deserted well, or limit the nature of the evidence which he may consider. Furthermore, Public Resources Code section 3106 gives the Supervisor broad authority in the supervision of all oil and gas operations, not just the initial drilling. Public Resources Code section 3013 requires the chapter to be liberally construed to meet its purposes. It is our view that interpreting section 3237 to apply to all wells either at the time of drilling or after production has commenced and ceased, is consistent with and in furtherance of the basic purposes of the

With this in mind, if the Supervisor is to consider any evidence other than suspension of drilling operations and removal of the drilling rig and allied equipment, he must have some evidence of intent to abandon. Such intent can be proved by acts and conduct of the party alleged to have abandoned the property.

Banks v. Calstar Petroleum Co., 82 Cal. App. 2d 789, 791-to prove abandonment, but nonuser or inactivity alone is insufficient with any acts manifesting an intention to abandon is may be more readily found in cases of oil and gas leases

than in most other cases. (Id. at 791; Hall v. Augur, 82 Cal. 594, 599 (1927); and see cases collected in 3 Summers, Oil and Gas, § 466, pp. 325 et seq. (2d ed. 1958).)

From the above, we conclude that the Supervisor could not find that a well has been deserted solely from evidence that the well has been idle and not producing. An idle well, however, coupled with removal of production equipment such as pumping equipment, production tubing, storage facilities or pipelines and a substantial period of no replacement2/ would, in our opinion, be adequate for a finding of desertion and would support an order by the Supervisor to the owner or operator to abandon the well. Of course, any statements or correspondence from the owner or operator showing an intent to abandon the well would support a finding by the Supervisor. Similarly failure to answer written inquiries from the Supervisor could be considered. Again, the objective is to gather and consider evidence of an intent to give up the well, 3/ and the Supervisor can and should consider any evidence from which the inference of intent to abandon could be made.

Very truly yours,

EVELLE J. YOUNGER Attorney General

han J. Collin

WARREN J. ABBOTT
Deputy Attorney General

WJA: fric

<sup>2.</sup> Although the six months period referred to in section 3237 would not necessarily be required for proof of abandonment for purposes other than reliance on the statutory presumption, we would suggest using such a period as a guideline.

<sup>3.</sup> It should be noted that in the event this condition of the well is such as to cause or as to threaten to cause damage to underground formations, reservoirs or water sources, section 3237 need not be applicable, and the Supervisor may under his general authority order the situation remedied, which if appropriate, could include abandonment of the well.

### TI RESOURCES AGENCY OF CALIFORNIA

## Memorandum

## DIVISION OF OIL AND MAS RECEIVED

ALL DEPUTIES

AUG 7 1973

Date : August 6, 1973

LONG BEACH, CALIFORNIA

Subject: Defunct Operators

From : Department of Conservation — Division of Oil and Gas

In the event that you should inquire into the status of an operator through the Secretary of State, you may receive the attached form from them.

The explanation for the items marked with an asterisk in relation to our Code referring to defunct operators is as follows:

Dissolved would be considered defunct.

Its term of existence expired - an archaic term meaning defunct.

Was suspended... - would not be defunct as presumably if they paid their back taxes could be back in business.

Forfeited its right ... - means defunct.

James R. Weddle
Executive Officer

JRW: im

Attachment

OFFICE OF THE

Secretary of State

111 CAPITOL MALL SACRAMENTO 95814

Date:

This is in	answer to your inquiry of
	ds of this office indicate that
The recor	ds of this office
not que la la la la la la la la la la la la la	on record and therefore is either not incorporated or is a foreign corporation which has nalified in California.  California corporation incorporated
*   Was t	merged
*   Its te  *   Was revive A sta in thi No st in th	for failure to pay state taxes and has do paysuspended.  suspended.  ed. For further information, contact Franchise Tax Board, Sacramento, California 95857, ed. For further information, contact Franchise Tax Board, Sacramento, California 95857, ed. For further information, contact Franchise Tax Board, Sacramento, California 95857, ed. For further information, contact Franchise Tax Board, Sacramento, California 95857, ed. For further information, contact Franchise Tax Board, Sacramento, California 95857, ed. For further information, contact Franchise Tax Board, Sacramento, California 95857, ed. For further information, contact Franchise Tax Board, Sacramento, California 95857, ed. For further information, contact Franchise Tax Board, Sacramento, California 95857, ed. For further information, contact Franchise Tax Board, Sacramento, California 95857, ed. For further information, contact Franchise Tax Board, Sacramento, California 95857, ed. For further information, contact Franchise Tax Board, Sacramento, California 95857, ed. For further information, contact Franchise Tax Board, Sacramento, California 95857, ed. For further information, contact Franchise Tax Board, Sacramento, California 95857, ed. For further information, contact Franchise Tax Board, Sacramento, California 95857, ed. For further information, contact Franchise Tax Board, Sacramento, California 95857, ed. For further information, contact Franchise Tax Board, Sacramento, California 95857, ed. For further information, contact Franchise Tax Board, Sacramento, California 95857, ed. For further information, contact Franchise Tax Board, Sacramento, California 95857, ed. For further information, contact Franchise Tax Board, Sacramento, California 95857, ed. For further information, contact Franchise Tax Board, Sacramento, California 95857, ed. For further information, contact Franchise Tax Board, Sacramento, California 95857, ed. For further information, contact Franchise Tax Board, Sacramento, California 95857, ed. For further information, contact Fran
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Cali	fornia 95857. ies of bylaws and names of shareholders or owners are not on file in this office. nt for service of process:
Age	
. U	

Edmund G. Brown

ATTACHMENT # 8

STATE OF CALIFORNIA
DIVISION OF OIL AN GAS

## STATE OIL AND GAS SUPERVISOR'S POLICY LETTER

Number:

79-6

Directed to:	ALL DEPUTIES	Issue Date:
	ALL SENIOR ENGINEERS	December 10, 1979
Subject:	WATER SHUTOFF TESTING	Expiration Date:
		Indefinite
Reference:		

After a careful study of the ideology of the water shutoff as a petroleum reservoir protection measure and a thorough review of the division's water shutoff testing program, including full consideration of all comments from district managers and staff, it is our conclusion that under certain conditions a division-required water shutoff test is not warranted.

Based on that conclusion, wells in fields, areas, or pools meeting certain criteria can be exempted from any division-required shutoff test. Any one of the following criteria can be used to determine whether wells within certain areas may be exempted from our present water shutoff testing requirement:

- 1. No top water present.
- No fresh water present.
- A substantial zone cap rock that promotes an effective primary cement job.
- 4. Pools with a long production history and a history of successful water shutoffs.
- 5. A completion practice that is an effective diagnostic tool or has an excellent casing seal performance history.

Implementation of this policy will be by field rule. You should begin reviewing your fields, areas, and pools to determine where the criteria can be met. The 30-day review period for field rules required by Section 1722(m) of our regulations will allow operators to provide us with their input. All such proposed field rules must be submitted to headquarters for review and approval prior to issuance.

It is also quite apparent that having an inspector witness a production water shutoff test is, in general, not a very efficient and effective practice. The advent of automated and computerized production systems, our historical disapproval ratio, and the variety of test procedures and criteria support this opinion.

As a general rule, the criteria listed in this letter have been the same criteria used by division engineers to establish whether a production WSO test is acceptable. If, prior to development and promulgation of a field rule to eliminate WSO testing in a particular field, area, or pool, the practice of production testing is being carried out, such production tests can consist of an office review of the first six months' production data. This procedure would, of course, have to be spelled out in the P-report and a T-report would have to be written. The following statement should be used:

"The division will monitor the monthly production of this well for a period of six months, and if anomalous water production is indicated, remedial action will be ordered."

If there is no anomalous water production during the six-month period, a T-report approving the shutoff can be issued.

Once a field rule eliminating WSO tests is promulgated, the following P-report statement should be used for wells within the field, area, or pool covered by the field rule:

"The division routinely monitors monthly well production data, and if anomalous water production is indicated, remedial action will be ordered."

In this case, of course, a T-report will not be required.

Each deputy will be expected to give a progress report on the program change at the next and future deputies conference(s).

State Oil and Gas Supervisor

George Hunter Bakersfield

May 19, 1980

Proposed Field Rules -McKitrrick Field

We have reviewed the proposed field rules for the Tulare, San Joaquin, and Olig (Potter) pools in the Main and Northeast Areas of McKittrick field and they are approved for distribution to operators for comment. Note the typographical error on the San Joaquin pool rule.

M. G. Mefferd State Oil and Gas Supervisor

## JUSTIFICATION FOR ADOPTION OF A FIELD RULE FOR THE UPPER ZONE, McKITTRICK FIELD

McKittrick field is in western Kern County about 14 miles northwest of Taft. It is comprised of two areas - Main and Northeast. Cumulative oil production to December 31, 1979, amounted to 226,583,000 barrels of oil. Production in 1979 amounted to 3.8 million barrels of oil - 2.2 million barrels from the Main area and the balance from the Northeast area. In both areas, the Upper zone, which is composed of the Tulare, San Joaquin, and Olig, is responsible for the largest portion of produced oil.

The Upper zone is shown in cross sections A-B and C-D. The average depth to the top of the zone is 500 and 650 feet in the Main and Northeast areas, respectively. There are no fresh waters in the field, and in a large portion of the Main area the strata above the Tulare contain no liquids.

Currently, water shut-off is demonstrated by means of a production test after a well is completed.

Sections 3222 and 3223 of the California Public Resources Code allow the Division discretion in requiring demonstration of water shut-off and the witnessing thereof.

The Upper zone was selected as a good candidate for a field rule eliminating the testing for water shut-off, for the following reasons:

- 1. There are no fresh waters within the field.
- 2. Low aquifer and overlying-zone pressures would preclude damage to the zone from a water shut-off failure.
- 3. The number of water shut-off failures has been very low.
- 4. As a general practice, operators in the field cement solidly to the surface from the top of the interval to be produced.
- 5. The possibility of cementing failure has been substantially decreased by modern cementing techniques.
- 6. Periodic reviews will be made to ensure adherence to proper completion, production, and injection methods.

# DIVISION OF OIL & GAS FIELD RULES

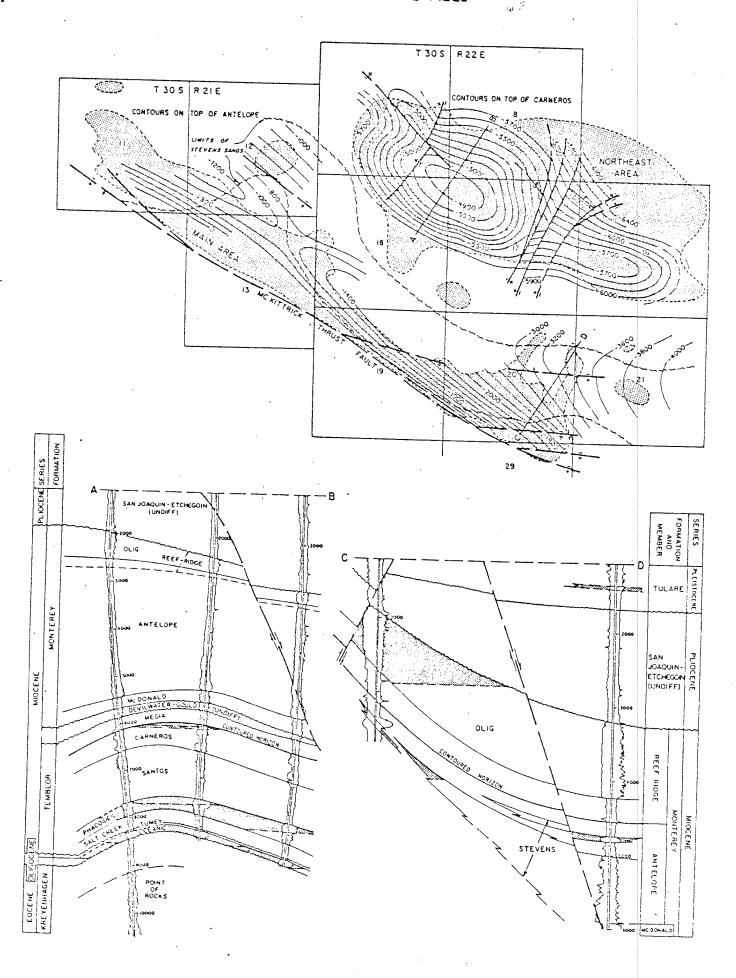
Date -5/14/80

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# FIELD RULES

Date 5/14/80

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All operations not co	vered by thi	is application	n are subject t	o the regulations	s of the State	Division of Oi	and Gas, T	HIE H, DIVIS
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# \* FIELD RULES

Date 5/14/80

		Zone/Po			Drill Site			Water Der	oth (Offshore
ield McKittrick Main & Northeas	st Areas		Olig (Potte	er)					
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OR							<u> </u>		
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Additional Comment				chut-c	off is not	required	for the O	lig (Pc	tter) zon
Additional Comment in Main and No	s: 1. Dem	nonstrat	cion or water McKittrick f	eld. l	because the	e zone me	ets the fo	llowing	criteria
in Main and No a) No fresh wa	rtneast ar	t. b)	Pool with a	long pi	roduction 1	history a	nd a histo	ry of s	uccessful
	- 7 17	121 V 1 /	BIOD MITT TON	Frier	THOILE COT	r	ction data	, and i	i anomalo
water snut-off water producti	on is indi	cated,	remedial act	ion wi	11 be orde	red.			
water product									r
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Top	•		Bottom						
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Field rules apply to	developmen	t wells or	nly. Well operation	ons are s	andject to app	ha State Divi	sion of Oil a	nd Gas, T	itle 14, Divis
All operations not	covered by th	is applica	ation are subject	to the re	guiations of the	ne state bivi			
2, Chapter 4 of the	California A	dministrat	tive Code.					•	
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000114 117-77-DWRR-5C)

(Title)

### Memorandum

To : Si Cordova

Date : May 14, 1980

DEGEIVE MAY 16 1980

Subject: Field Rule
McKittrick Field
Main & Northeast Areas
Upper Zone

From : Department of Conservation—
Division of Oil and Gas

Place: Bakersfield

DIVISION OF OIL & GAS SACRAMENTO

Enclosed are the following documents pertaining to the proposed field rule:

- 1. Justification for the adoption of the rule.
- Contour map showing contours on top of the Antelope Shale in the Main Area, and on top of the Carneros in the Northeast Area.
- 3. Proposed rules for the following:
  - a) Tulare
  - b) San Joaquin
  - c) Olig (Potter)

G. W. Hunter
Deputy Supervisor

A. G. Hluza

District Operations Supervisor

GWH/AGH/mm

Enclosures

George Hunter Bakersfield

> Proposed Field Rules -Lost Hills Field

#### Sacramento

Your proposed field rules for the Tulare, Etchegoin, and Reef Ridge-Antelope-McDonald zones of Lost Hills field are approved for submittal to the operators for comment.

> M. G. Mefferd State Oil and Gas Supervisor

## JUSTIFICATION FOR ADOPTION OF FIELD RULES, TULARE, ETCHEGOIN, AND REEF RIDGE-ANTELOPE-McDONALD ZONES, LOST HILLS FIELD

Lost Hills field is located 45 miles northwest of Bakersfield, Kern County. Cumulative production is slightly over 130 million barrels of oil. Yearly production for the last decade has been slightly under the 1948 peak year of 2.8 million barrels, due to steam stimulation and new well completions. In 1979, production increased 340,000 barrels annually, to almost a new peak record, by fracturing diatomacious shales.

Eighty percent of the field's current production is from the Tulare and Etchegoin zones. The diatomaceous Reef Ridge, Antelope, and McDonald shales are now being selectively perforated and fractured for increased production. Prior to this, diatomacious shale production was from natural fractures in the Antelope and McDonald zones, locally known as the Cahn zone in the south part of the field.

Presently, water shut-off is demonstrated by means of a production test after the well is completed.

Sections 3222 and 3223 of the California Public Resources Code allow the Division discretion in requiring demonstration of water shut-off and the witnessing thereof.

The Tulare, Etchegoin, and Reef Ridge-Antelope-McDonald zones were selected as good candidates for field rules eliminating water shut-off testing, for the following reasons:

- 1. There are no fresh waters within the field.
- 2. The pools have a long production history and a history of successful water shut-off.
- 3. Modern cementing has significantly decreased the possibility of cementing failures.
- 4. As a general practice, all operators in the field cement casing solidly to the surface through the zone of completion.

OGD125 (12-77-0WRR-5C)

## FIELD RULES

		FIELL	) RULES		•	Date 4/	17/80
Field Lost Hills	Zone/P	ool Tulare	Drill Site				epth (Offs)
CASING PROGRAM (AI				-			•
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	Marker or Zone	TVD ±	(Marker or Zone	<u>*')</u>	(psi/	min.)	Inspecti
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perf. 150 - 400'							
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RESERVOIR PRESSURI	E & GRADIENT						
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Abnormal Pressure Inter	vals:						· · · · · · · · · · · · · · · · · · ·
BLOWOUT PREVENTION	N EQUIPMENT PRO	DGRAM		<del></del>			
Operation	DOG	API Stack	Tes	t Schedule			Additiona
- Operation	Class	Arrisidex	Company		DOG	R	equiremen
No blowout preven	tion equipment	required.	,				
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Additional Comments:		st is no longe	er required for	the Tulare	zone o	f Lost H	ills
field, because the with a long produc	tion history. a	le lollowing (	oriteria: a) No	iresh wat -ter shut-	er prese	ent. b)	Pool Pool
of Oil & Gas will							
indicated, remedia	d action will b	e ordered.			F-		
							•
FRESH WATER	***************************************		· · · · · · · · · · · · · · · · · · ·				
Тор		Bottom		None			
None							
General Comments							
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		•					
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Field rules apply to deve	elopment wells only.	Well operations	are subject to approve	al on a well-t	o-well bas	is.	
All operations not covere 2, Chapter 4 of the Calife			he regulations of the S	itate Division	of Oil an	d Gas, Titl	e 14, Di vis
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		By SPALH	unter		Deputy S	Supervis	or
OCD124 /12 77 DW0050	-)	G. W. Hunte	er (Signature)			(Title)	

DIVISION OF OIL & GAS		FIELD	RULES		Date 4/17/80	
Field Lost Hills		negoin	Drill Site		Water Depth (Offsho	
ASING PROGRAM (All	depths below ocean	loor or ground)		II Pressu	re Test Division	
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ld. through,	"D" zone	1.000	to surface			
cp'd 10'+ above zone of completion		2,000			-	
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	Initial		psi	psi/ft.		
psi	psi/ft.		49.40			
Abnormal Pressure Interv						
BLOWOUT PREVENTIO	N EQUIPMENT PRO	GRAM	Test So	hadule	Additional	
Operation	DOG Class	API Stack	Company	DOG	Requirement	
No blowout prev	ention equipmen	t required.		·		
		· · · · · · · · · · · · · · · · · · ·				
Additional Comments: 1 field, because the a long production & Gas will routine remedial action wi	zone meets the history, and a ely monitor prod	following c	er required for the criteria: a) No free successful water shu, and if anomalous v	t-off 2. T	he Division of O	
FRESH WATER				None		
Top		Bottom				
None						
General Comments				·		

Field rules apply to development wells only. Well operations are subject to approval on a well-to-well be

All operations not covered by this application are subject to the regulations of the State Division of Oil and Gas, Title 14, Divis 2, Chapter 4 of the California Administrative Code.

## FIELD RULES

									Date	4/17/80
Field Lost Hills	Zone/Pool Antelop			Reef Ridg		Drill Site	2 200			r Depth (Offshore
CASING PROGRAM (A)	depihs	below oce	ean fl	oor or ground)				,		
Typical Casing String		Cement	ing D	epth	A	nnular Cement F	ill	Pressur	e Test	
Casing String	Маг	ker or Zon	e	TVD ±	(Marker or Zone+_			(psi/m	in.)	Inspections
8-5/8"	N33 445			300	to surface		يريرنج .			
5-1/2"		<b>0</b> 00 <b>0</b> 00	· · · · · · · · · · · · · · · · · · ·	3,000		o surface		-		640 470
Selective	ly per	forated	and	fractured	in stag	ges.				
• •										
RESERVOIR PRESSURE	& GRA	DIENT			<del></del>					
Control of the Contro		itial					Pr	esent		
psi					psi			psi/ft.		
Abnormal Pressure Inter		1				700 - 3,6	500		4	3 75
Wallatural t teggale litter	YU13.									
BLOWOUT PREVENTIO	N EQUI	PMENT P	ROGE	MAS	<del></del>					
Operation		DOG				Test Sc	hedule		Additional	
Operation		Class	,	- I Sidek		Company		DOG		Requirements
Drilling		II	2	MA or RR	T .	to drilling Surface cas	sing			
Fracturing - Adequ					pment n	nust be insta	al ed ar	nd tester	d pri	or
to 1:	ractur	ing for	proc	duction.						
								<u> </u>		
			<u> </u>		<u> </u> .		<u>.</u>			<u> </u>
zone of Lost Hill: present. b) Pool 2. The Division of production is indi-	s fiel l with of Oil	d, becau a long & Gas v	ise t prod vill	the zone me duction his routinely	ets the story, a monitor	and a history production	riteria of suc	cessful	No fr wate	esh water r shut-off.
FRESH WATER		***************************************						<del> </del>		
Тор	,		Bot	tom			None			
None									<u>-</u>	
General Comments						· ·			,	
Field rules apply to dev All operations not cover									1	Title 14, Divisio
2, Chapter 4 of the Calif				ode.						
	-			М.	G. ME	FFERD		, State	e Oil a	nd Gas Supervis

	SERIES		MEMBER EL	YPICAL ECTRIC LOG	
	PLEISTO		TULARE	}	
	- PLIOCENE	-~	ETCHEGOIN	\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	
			REEF RIDGE		15 / 15 83 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
	UPPER		ANTELOPE	2000	T 26S · R 20 E +
		MONTEREY	MEDONALD AN	3000	27 26 27 + + + + + + + + + + + + + + + + + +
	-	ž	¥	\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	+ + + + + + + + + + + + + + + + + + + +
	MIDDL F		DEVILWATER	}	T 27 S R 20 E + + + T 27 S R 21 E +
	MIOCENE		GONFD .	- \saaa	T 27 S R 20 E
			BUTTON BED	<u></u>	
			UPPER SANTOS	<b>\</b>	АВ
		LOR		<u> </u>	TULARE
	a Jano I	TEMBLOR	BLOEMER S	7000	SAN JOAQUIN
	-		10 ¥ € 8	}	ETCHEGOIN
			SALT CREEK		X REEF RIDGE X
	-05150	200	TUMEY	}	X X X ANTELOPE
		FOCEME			× × × × × ×
	 		POINT ( OF ROCKS		MCDONALD X
	EOCE		K A E Y	\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	CONTOURED HORIZON GOULD
			-		MEDIA
	D2 ;		ARROYO HONDO	\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	
	UPPER	3	MORENO .	\  <i>F</i>	